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Does planning make housing unaffordable? Assessing the costs of planning requirements for residential development in three Australian cities

Does planning make housing unaffordable? Assessing costs of planning requirements for residential development in three Australian cities

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Nicole Gurrán

University of Sydney

ngurran@arch.usyd.edu.au

Kristian Ruming

Macquarie University

Bill Randolph

University of NSW

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Does planning make housing unaffordable? Assessing costs of planning requirements for residential development in three Australian cities

Abstract

Land use planning often bears the brunt of industry complaints about rising costs of residential development and perceived consequences for housing unaffordability. The residential development industry, both in Australia and in the United States, has made strident protests about the direct and indirect costs associated with the planning process – from complying with building and design controls to the time taken to secure approval and contributions towards local infrastructure. Although there has been academic interest in the relationships between land use planning and the housing market, little attempt has been made to examine these industry claims by quantifying costs to housing development arising from planning regulations and related charges.

This paper focuses on these issues, drawing on a study undertaken for the Australian Housing and Urban Research Institute (AHURI). The first part of the paper outlines the international literature on theoretical relationships between planning regulation, residential development costs and house prices. Secondly, Australian industry position papers on housing affordability and the planning system (2003-2008) are reviewed. Thirdly, the paper establishes the key categories of planning related costs to residential development in Australia, and compares the development contribution frameworks applying to three Australian cities (Sydney, Brisbane and Melbourne). These cities were chosen as they have been the focus of industry concern regarding the scale of charges in new release areas. Lastly, we identify preliminary implications for planners and policy makers in designing regulatory requirements that balance affordability concerns with other essential planning criteria.

Introduction

Housing affordability is now an important theme in Australian urban policy discourse. Metropolitan planning strategies for Australia's largest cities – Sydney, Melbourne, Brisbane, Perth, and Adelaide – all purport to achieve a diversity of well located and moderately priced housing within new and existing communities, while several states have embarked on broader planning reform processes intended to simplify planning requirements in the name of affordability (Milligan et al. 2009). Such reforms respond to widespread concerns expressed by the residential development industry concerning a range of systemic and regulatory barriers thought to affect housing affordability (eg. HIA 2003, PCA 2007, UDIA 2007, UDIA NSW 2009). Both in Australia and internationally, planning industry organisations have also accepted the need to examine how land release programs, infrastructure funding requirements, and planning processes and controls may affect housing development, including impacts on the provision of diverse and modest housing forms (APA 1999, PIA 2007). Despite this ongoing dialogue, academic research on the relationships between urban planning requirements and housing outcomes has been rather limited, particularly in Australia.

Internationally, a growing body of research examines relationships between urban planning regulation – procedural requirements, development standards, and mandatory fees – on housing construction rates and prices (eg. Been 2005, Dawkins et al, 2002, Glaeser and Wards 2009, Ihlantfeldt 2007; Mayer and Somerville 2009; Monk and Whitehead 1999). This work suggests that a range of planning interventions – from administrative charges to procedural requirements, design controls, to mandatory contributions for infrastructure provision, can measurably affect the quantity, location, and price of new housing. This paper considers these themes in relation to the Australian context. It draws on findings from a larger study for the Australian and Urban Housing Research Institute (AHURI) on the impacts of planning regulations and charges on the costs of housing development.

When discussing potential relationships between planning policy and housing affordability outcomes, it is important to note that while supply factors (including planning and regulation) are important, housing prices are largely determined by demand factors, which are influenced by broader macroeconomic conditions, employment rates, household formation and income change, household access to finance and so on. Similarly, because of the complex nature of housing demand, relationships between the actual costs of development and market price, are largely indirect, meaning that development costs do not define final prices (although they may affect overall patterns of supply and price, as discussed below). Finally, planning is undertaken to achieve a spectrum of important social and environmental goals – from environmental and heritage protection to efficient urban infrastructure provision – and so it would be expected that 'better planned areas' attract a price premium – at least in the short term.

In this paper, however, we largely eschew these broader questions about the benefits of well functioning planning systems and scrutinise specific claims made by Australia's development industry and others, that sluggish administration of the planning system is discouraging new housing development and making it more expensive. The second section of the paper considers such claims, focusing on key industry position papers on housing affordability and the planning system (2003-3008). Thirdly, we draw on the academic literature and industry research to define the key categories of planning related costs to residential development in Australia. We include a specific focus on development contributions, frequently nominated as the single largest planning cost imposition, comparing contribution requirements in NSW, Queensland and Victoria which have attracted particular industry concern. In conclusion we identify preliminary

implications for planners and policy makers in designing regulatory requirements that balance affordability concerns with other essential planning criteria.

Theorising about planning regulation and house prices

Theoretical questions regarding planning regulation and house prices extend from the ways in which regulation (as planning control) affect land values and ultimately the price of housing (Dawkins et al. 2002). There are several possible scenarios. Planning regulations restrict land uses and the release of new land for housing or more intense housing; control the density, configuration and design of new housing; and represent specific costs to developers in terms of the time and professional resources needed to secure planning approval (for land release and for new housing development). Additionally, most jurisdictions impose fees or contributions towards the cost of shared infrastructure to be used by residents of the new development. All of these regulatory requirements can affect the amount of land available within particular locations for housing development, the cost of acquiring such land, and the costs associated with housing construction (Dowall 1981). Of key policy interest is firstly, these overall relationships between planning regulations and housing outcomes, and more specifically, the impact of particular types of planning regulation on new and moderately priced housing supply.

Much of the empirical research on the relationships between planning regulations and housing outcomes focuses on the United States and the United Kingdom, with some recent contributions from developing regions (see Egbu et al. 2007). There is a long trajectory of empirical work in the United States where researchers have combined detailed information on housing starts and house prices with comprehensive data sets on local housing regulations (Dowall 1981, Dawkins et al. 2002, Glaeser and Wards 2009, Gyourko et al. 2008, Ihlanfeldt 2007, 2009, Schuetz 2009). For instance, the Massachusetts Local Housing Regulation Database holds information on local zones and other land use regulations used by 187 authorities as at 2004 (Schuetz 2009), while the Wharton Survey of Land Use Regulation includes over 2000 municipalities (Gyourko et al. 2008). There have also been specific surveys of local planning policy applying to particular cities and regions (eg. Lewis and Neiman 2000, Pendall et al. 2006). More qualitative case studies have been used to understand the impact of particular planning settings for housing outcomes in the United Kingdom (eg. Monk and Whitehead 1996, 1999).

Institutional, policy, legal and spatial differences limit the transferability of such work to the Australian context. Nevertheless, a number of consistent findings suggest implications for further exploration here. Overall, the consensus of empirical research supports a positive relationship between planning controls and land and housing price impacts, although the scale of impact remains unresolved. A major methodological problem is the need to control for the range of other, non planning issues affecting land and housing supply (natural constraints, locational attributes), and demand side effects (economic trends, employment and income patterns, population growth) (Dawkins et al 2002). An attempt to measure the relative impact of these specific factors on house prices across 45 cities in the United States found that combined natural and regulatory constraints might affect 40 per cent of house price difference, with a quarter relating to planning regulation (Rose 1989a, b, Dawkins et al. 2001). This suggests that to the extent a price effect exists, it may be modest, relative to other factors associated with price, like demand.

The way in which planning regulation is designed and implemented appears to affect construction rates and house prices. For instance, a proliferation of regulation and fees and heterogeneity in local controls appears to coincide with lower construction rates and higher house prices in many parts of the United States, in comparison to cities and regions with looser regulatory regimes (Gyourko et al. 2008). Similarly, when requirements are ambiguous,

timeframes lengthy, and approval uncertain, rates of construction are lower (Glaeser and Wards 2009, Mayer and Somerville 2000). In the United Kingdom, unpredictability and planning system delay have been found to greatly reduce the capacity of house builders to respond to shifts in demand, once their inventory of ready land is exhausted (ibid, Monk and Whitehead 1999).

A number of scholars have examined the impact of growth management controls, due to their presumed impact on land supply. This work suggests that growth management controls affect land prices and construction rates if they reduce overall development opportunities, but their impact is much less if they are offset by planning controls that permit increased densities within the urban area (Gyourko et al. 2008, Landis 2006, Nelson et al. 2002). In one study of the impact of growth management programs in California, certain controls – population caps (restricting annual building permits) and “super-majority approval requirements” (where approvals are decided by vote) – were associated with lower construction rates and higher house prices (Landis 2006). However, other approaches to growth management, such as the imposition of an urban growth boundary, redistribute growth towards the centre but do not innately produce higher house prices or lower rates of supply (ibid). Further, it is important to note that the price impacts of dramatically increasing supply potential within high demand locations may be overstated. Using econometric measures to model the hypothetical price impact of supply increases in downtown Manhattan, Aura and Davidoff (2006) show that in order to offset the price impact of planning supply constraint to any significant degree, it would be necessary to permit a fifteen fold increase in density. The authors concluded that even if physically viable the environmental and amenity impacts of such an increase would be likely unacceptable.

The effect of developer contributions towards local infrastructure (generally known as “impact fees” in the United States and “planning gain” in the United Kingdom) has been a particular focus for research (for instance, see Burge et al. 2007). Contributions towards local infrastructure are usually justified in two main ways. Firstly, because planning approval grants an increase in land value, it is argued that this increase should be shared for community benefit in the form of a contribution or tax. Secondly, contributions are justified as a way of recouping costs of providing new services or augmenting existing facilities as a result of new development (Been 2005). They are now used by at least 60 percent of US cities (Been 2005; Mathur et al. 2004). It is argued that the infrastructure and services represent a benefit to house purchaser without imposing significant costs, because if the impact fee obligation is known in advance, it should reduce the purchase price of the land (Been 2005). Indeed, a major study of the effect of impact fees on the price of new single family homes in the United States found that fees are not added directly to the price of homes (Mathur et al. 2004). However, they could actually have a higher overall price effect, particularly in certain high value markets (ibid). The authors explain this multiplier effect by suggesting that the value of the services and infrastructure for home buyers likely exceed the monetary cost of the fee. By contrast, it has also been demonstrated that impact fees have increased the rate of single family and modest home construction across the state of Florida, perhaps by relieving local authorities of the full costs associated with the new infrastructure needed to service them (Burge and Ihlanfeldt, K 2006).

Overall, heavier planning regulation, including high contribution regimes, may influence the type of new housing constructed (Ihlanfeldt 2007). Increased regulatory burden may encourage developers to target higher market sectors associated with lower risk and greater profit, thus reducing the availability of lower cost housing and increasing overall house prices within a particular location. For instance, developers are likely to target a higher market segment as a way of recouping costs: “developers believe that their higher regulatory costs can more easily

be shifted forward to the homebuyer if the house is larger in size” (ibid, p. 431). In the United States it has been claimed that many types of planning control – particularly those that restrict density, prohibit multi-family units, mandate expensive building materials, and impose high developer contributions (known as “impact fees”) – are designed implicitly to maintain social exclusivity within suburban neighbourhoods (Schuetz 2009).

Finally, the empirical data on relationships between particular regulatory settings and house price outcomes points to a connection between socio-economic status, planning regime intensity, and higher house prices in the United States (Glaeser and Wards 2009). Indeed, drawing on a large sample of localities in the greater Boston region, Glaeser and Wards concluded that “the major way in which land use restrictions impact price is by changing the density and demographic composition of a town” (ibid, p. 267). Similarly, in their survey of over 2000 jurisdictions in the United States, Gyourko et al. found that “community wealth is strongly correlated with the degree of local land use regulationthe strong correlation with community wealth proxies suggests that researchers and policy makers should seriously consider exclusionary desires as a motivation in many instances” (Gyourko et al, 2008, p. 695.)

The potential implications of this work for the Australian context are largely unexplored in the academic research. However, the residential development industry itself has been very vocal in relation to the impacts of Australian planning regulation, and we now turn to these views.

Australian industry perspectives on planning, housing production, and affordability

Both sectors of the Australian housing industry – land developers and house builders – have expressed considerable concern about the impact of planning regulation on the cost of residential development in recent years¹. To analyse these concerns, we reviewed the major position papers and reports released by the peak industry bodies between 2003-2008 (chiefly the Housing Industry of Australia (HIA), the Property Council of Australia (PCA) and its residential development division, the Residential Development Council (RDC), and the Urban Development Industry Australia (UDIA)) (Table one).

Insert table one around here

This analysis highlights four main industry concerns:

- 1) Perceived restrictions on the release of new greenfield land, particularly in metropolitan areas, and consequent inflationary pressures on land prices;
- 2) The related issue of delays and uncertainty in processing applications for rezoning or subdivision, even if these applications are ultimately approved;
- 3) The increasing complexity of planning requirements, the costs associated with demonstrating compliance (eg. consultant reports), and increased costs associated with meeting new environmental requirements governing site preparation and remediation, building design and materials; and,

¹ Other government charges affecting residential development in Australia include stamp duties and the Goods and Services Tax (GST). The industry also notes that interest rates; increased construction costs, particularly for higher density dwellings; and skills shortages in the building sector also have a negative impact on the cost of residential development in Australia (UDIA 2007).

- 4) High
infrastructure contribution requirements in certain jurisdictions (particularly NSW and Queensland), and the rapid escalation of these charges.

Many of the reports reviewed attempt to quantify the cost impact of each of these areas of concern in relation to the final price of homes. Overall, the RDC asserts that about a third of the cost of new house and land packages relates to taxes and levies and “compliance costs”, which are the costs of meeting planning regulations and holding costs associated with the approval process (RDC 2007a). The RDC believes that planning related costs have increased overall by around 300 per cent over the past five years (RDC 2007a, p.1). Estimates of increased costs within particular jurisdictions include 600 per cent in Redlands (Queensland), over 300 per cent for Perth, Adelaide and the Gold Coast, 200 per cent in North West Sydney and Canberra and 150 per cent in Melbourne over five years (RDC 2006a).

In relation to land supply constraints, the UDIA claims that rezoning processes to release residential land typically take between two – five years and add an additional \$7,000 to the cost of individual lots (UDIA 2007, p.17). These additional costs are claimed to arise as a result of increased complexity in planning schemes and State legislation. Similarly, the RDC asserts that restrictive land release policies add around \$30,000 to the price of a block of land (RDC 2007b, p.8).

Planning “delays” and “inefficiencies” add around 10 per cent of the cost of a new home, according to the HIA (2003, p.18). Of particular concern for house builders are the different planning control regimes applying at the local level, with varying compliance and infrastructure contribution requirements meaning that developments within two neighbouring jurisdictions may proceed along very different timeframes and according to very different cost structures, affecting house prices and frustrating opportunities for builders to “benefit from economies of scale” (HIA 2003, pp.17-18).

When timeframes are protracted, infrastructure payment obligations can escalate sharply. The UDIA estimates that infrastructure charges routinely increase in the order of between \$5,000 and \$40,000 per lot in the time taken to receive development approval, which, when compounded with the holding costs associated with delays, might amount to around \$100,000 per lot (UDIA 2007, p.18). Despite the theoretical potential to pass charges back to the land seller in a lower sale price, the industry argues that this is unworkable when requirements are not known in advance: “the lack of transparency and the rapid increases in such charges have not allowed these charges to be adequately considered at the time of conducting feasibility studies and purchasing land, leaving little option but to raise house and land prices” (UDIA 2007, p.18).

Counting the costs of planning: a preliminary framework

Although the cost estimates quoted in these industry position papers lack a transparent methodological basis, their thematic concerns echo those raised by our brief review of international literature. Drawing on our analysis of industry perspectives and the broader literature cited above, a basic typology of costs associated with planning regulation in Australia emerges (Table two). As shown, the typology identifies three broad areas: procedural costs, development control requirements, and direct fees and charges. Procedural costs include time, which may be quantifiable in holding costs, and documentation associated with preparing, supporting, and amending the proposal itself, which may be measurable in terms of the cost of staff time and fees to consultants. As shown in table two, procedural costs are incurred whether or not planning approval is granted, and so represent a considerable risk to housing developers, particularly if planning requirements are unclear or if approval processes are highly contestable.

Consequently, the international literature suggests that procedural costs can have a greater impact on rates of new housing construction (and thus, ultimately house prices) than costs associated with meeting building control requirements (Mayer and Somerville 2000). As shown in Table two, these include standard development controls relating to subdivision and building codes, more stringent environmental provisions, heritage requirements, and any additional local or state standards relating to safety or natural hazards. Even when the costs associated with meeting such requirements are higher than expenditure on securing planning approval, they are associated with less risk, as they are incurred only when the project has permission to proceed. Further, it may be assumed that most development controls represent value for consumers and so are readily capitalised in house prices. However, as noted, controls designed to reduce or restrict housing density – particularly subdivision requirements on minimum lot sizes, road widths and building setbacks in the Australian context, are likely to decrease construction rates and have an inflationary impact on house prices.

Insert table two around here

The third category of cost we identify relates to direct fees and charges – from application fees to fees for referral to other expert agencies, certificates to begin work, and costs associated with planning appeals. Of the fees associated with planning, mandatory development contributions towards local or regional infrastructure have attracted the greatest controversy in Australia and are often the largest single charge incurred through the planning process. Therefore it is worth briefly comparing approaches to their application here.

All Australian jurisdictions collect financial or in kind payments to meet all or part of the site-based, neighbourhood or local level infrastructure that is required for development, but the level of contribution, and approaches to collection, vary greatly. Table three summarises the key approaches to development contributions in NSW, Queensland, and Victoria. These States have the most extensive provisions for collecting contributions and permit the widest range of community applications for their use.

Insert table three around here

As shown in the table, NSW permits either flat levies on development (tagged to development value) or contributions calculated in accordance with a formula specified within local contribution plans. Sweeping amendments to the development contribution provisions of the NSW Environmental Planning and Assessment Act 1979 have occurred since 2005, including the formalisation of planning agreements for infrastructure, the introduction of provisions for the State government to collect contributions for infrastructure within designated areas, the ways in which local contributions may be levied, and the range of purposes for which contributions may be applied (Department of Planning 2005, 2008). This program of reform has also included some notable backflips, such as the introduction, then windback, of state charges for regional infrastructure (currently imposed within Sydney's north west and south west growth centres, the Warnervale Town Centre on the central coast, and so called "Interim Transport Levy" areas). The latest intervention has been the introduction of an "affordability threshold" for local contribution plans, currently held at \$20,000 per lot. Affordability also forms a criterion for consideration when planning agreements for infrastructure contributions are negotiated with developers.

Queensland's local contribution planning process is also undergoing transition, with "Priority Infrastructure Plans" now required to be prepared by councils as a basis for infrastructure charging and allocation. Councils facing lower rates of growth may adopt the State's regulated infrastructure charges schedule, rather than prepare their own, and some councils may choose not to levy development charges at all. A draft guideline for preparing infrastructure plans was

released in 2008 (DIP 2008). The Queensland Competition Authority is to review local government infrastructure charges when new PIPs are prepared (DIP 2009).

Victoria's long established system for development contribution was overhauled in 2004 (under the *Planning and Environment (Development Contributions) Act (2004)*). It permits contributions to be collected via a Development Contributions Plan, as a condition of a planning permit, or as voluntary agreements. The Act distinguishes between "development infrastructure" (for instance, local roads, parks, maternal and child health centres, kindergartens, and public transport infrastructure), and "community infrastructure" – all other community facilities. The latter is capped to a maximum of \$450 per dwelling. There is no maximum threshold for development infrastructure. In addition, State agencies may also collect payments for specific infrastructure works. Voluntary agreements that run with the title of the land may be used when a developer requests an amendment to a planning scheme, or a planning permit.

This brief review of approaches to development contributions in NSW, Queensland and Victoria shows firstly, that there is considerable potential for diversity in contribution requirements at the local level at least in these three Australian States. Secondly, despite the existence of formal plans to specify formulas for charges at the local level, each State permits a range of other charging regimes, either instead of (in the case of voluntary agreements) or in addition to, planned local contributions. For these reasons, determining contribution requirements in advance of land acquisition is likely to be very difficult. This is problematic because, as noted, the literature suggests that a known charge is preferable to an uncertain one, even when it might represent a higher overall amount (Mayer and Somerville 2000).

Conclusions: Implications for policy and planning reform

Planning regulations are intended to support a range of important social welfare benefits – for instance, managing the negative spill-overs of private development, and preserving natural environments and cultural heritage. Planning also represents important benefits for the housing industry itself – coordinated infrastructure provision to support growth; certainty and information sharing associated with the promulgation of a scheme for planned development; or protection and enhancement of neighbourhood amenity. Nevertheless, as demonstrated by the international research outlined here, there is scope for particular planning requirements to impact negatively on the costs of residential development, potentially reducing the supply of housing that is affordable for those on low and moderate incomes. We have explored some of these impacts in relation to the Australian context through our analysis of industry campaigns and our summary review of arrangements for development contributions in the major population centres of Brisbane, Sydney, and Melbourne.

Our study raises the following preliminary implications for Australian planners and policy makers designing regulatory requirements to balance affordability concerns with other essential planning criteria. Firstly, local diversity in planning requirements can add uncertainty and costs for housing developers, so establishing regional consistency in development standards, contribution fees, and procedural requirements makes sense. Planning reforms intended to achieve such outcomes, for instance, by standardising approaches to infrastructure contributions in Queensland, or by introducing template style planning provisions under reform to plan making in NSW, seem ostensibly to respond to these objectives. However, implementation is still under way, and neither reform package seeks to promote regional conformity in approach.

Secondly, clear timeframes and unambiguous local policy frameworks support developer confidence (Monk and Whitehead 1999), and are likely to significantly reduce procedural costs associated with seeking planning approval, without sacrificing good decision making. Again,

reform processes underway in NSW, Queensland, and Victoria are intended to make planning approvals faster, particularly in designated high growth areas, but questions have been raised about the ways in which important planning requirements for biodiversity conservation may be bypassed in the name of speed. For instance, an amendment to the *NSW Threatened Species Act 1995* automatically confers exemption to designated growth areas from the usual threatened species tests (known as “biodiversity certification”) (*Threatened Species Conservation Amendment (Special Provisions) Bill 2008*).

Thirdly, design controls that improve the environmental performance of dwellings also reduce ongoing household costs, so affordability impacts are offset over time. However, subdivision and building controls that add unnecessarily to construction costs, or reduce housing densities, should be closely examined because of their potential exclusionary impact. There is currently insufficient data on specific planning controls at the local level in Australia to accurately assess potential impacts on housing construction rates and price outcomes, but such information is needed before any further planning reforms are undertaken in the name of housing affordability.

Fourthly, while development contributions can provide important resources for local infrastructure, clarity and stability in contribution requirements is needed to ensure that they can be factored into feasibility analyses and land acquisition. Our brief review of development contribution arrangements in NSW, Queensland, and Victoria suggests that existing requirements are neither clear nor stable.

Finally, while housing affordability is clearly an important concern for Australian housing developers and policy makers alike, current planning reform processes fail to include explicit provisions for affordable housing inclusion during processes of urban growth and change. Rather than representing additional development burdens, appropriate affordable housing policies can provide a way of overcoming local barriers to low cost housing, or for maintaining housing development during market downturns by supporting a viable non profit affordable housing sector as demonstrated by long established models in the United States and the United Kingdom (Gurran et al. 2008, Milligan et al. 2009). Therefore we believe an expanded reform agenda is needed for Australian planning; extending beyond procedural change to activate a range of other planning measures designed specifically to support affordable housing inclusion within new and renewing communities.

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Tables

Table One: Industry position papers on housing affordability and development costs in Australia, 2003-2008

Date	Author	Title
6/2003	Housing Industry Australia	Restoring Housing Affordability – the housing industry’s perspective
3/2006	Residential Development Council	Reasons to be fearful? Government taxes, charges and compliance costs and their impact on housing affordability
3/2006	Residential Development Council (Urbis JHD)	Residential Development Cost Benchmarking Study
11/2006	Residential Development Council (Urbis JHD)	National Housing Infrastructure Costs Study
11/2006	Property Council of Australia	Improving Housing Affordability in NSW; A plan for industry and government
6/2007	Property Council of Australia	Infrastructure Levies: Time for Some New Thinking, A submission to the NSW Government
7/2007	Residential Development Council	Beyond Reach: A workforce housing crisis in the making (Australian edition)
7/2007	Residential Development Council	Boulevard of Broken Dreams; The future of housing affordability in Australia
8/2007	Urban Development Industry Australia	An Industry Report into Affordable Home Ownership in Australia

Source: the authors

Table Two: Typology of costs and charges associated with planning and housing development in Australia

Costs	Incurred whether or not application approved	Incurred only if application approved
Procedural costs		
Time (e.g. time for approval, number of meetings; consultation, referrals, appeals)	✓	
Documentation / preparing planning proposal itself (e.g. complexity of requirements, need for special studies; revision requirements)	✓	
Building / development control requirements		
Standard Requirements (e.g. Floor space ratio, height, tree preservation, setbacks, landscaping, private open space, car parking, driveway width/design, Building Code of Australia compliance)		✓
Environmental standards (eg. energy efficiency / water sensitive design requirements, site remediation)		✓
Heritage requirements		✓
Additional local / state standards for safety/ natural hazards (e.g. bushfire / flooding)		✓
Direct fees and charges		
Planning application fees	✓	
Development contributions		✓
Subdivision / construction certificates		✓
Referral fees	✓	
Application fees in case of decision review / appeal	✓	

Source: the authors

Table Three: Development contributions in NSW, Queensland, and Victoria

State	Relevant Legislation	Description
NSW	Environmental Planning & Assessment Act 1979 (EPAA) (Under review)	<p>May require development contributions (cash or in kind) for services and infrastructure, subject to approved contributions plan (S94 EPAA). Must be allocated within LGA itself. May apply flat levy as percentage of proposed cost of development (1-3%). Capped to \$20,000 per residential lot unless Ministerial approval for higher rate.</p> <p>Provisions for planning agreements between developers and consent authorities for developer contributions instead of or in addition to S94 contributions (s93F EPAA). Can be applied to a wider range of matters including affordable housing or environmental conservation, and may be applied across local government areas.</p> <p>Additional infrastructure charges for regional infrastructure may be levied in designated “contributions areas” (s94ED EPAA) declared by Minister.</p>
QLD	Integrated Planning Act 1997 Integrating Planning and Other Legislation Amendment Acts 2003 & 2004	<p>Contributions for “development infrastructure” may be levied by local councils (a) under a Priority Infrastructure Plan (PIP); (b) through an Infrastructure Agreement (an agreement between council and a developer for infrastructure provision or contributions); (c) conditions on the planning permit requiring the supply of non shared infrastructure (e.g. internal networks and connecting site to shared networks).</p> <p>PIP forms part of local planning scheme. Generally includes an Infrastructure Charges Schedule for levies. Low growth councils may use standard or “Regulated” infrastructure charges. “Development infrastructure” includes land or works for water, transport, local services (e.g. parks, community halls, libraries).</p>
VIC	Planning and Environment Act 1987	<p>Developer contributions for either “development infrastructure” or “community infrastructure” levied through: (a) approved Development Contributions Plan (DCP), enforced through conditions attached to planning and building permits; (b) conditions on planning permits (but unless relating to a DCP these contributions must be works or infrastructure on site); (c) Voluntary agreements (registered on title to land). Voluntary agreements may be used when a developer requests an amendment to a planning scheme, or a planning permit.</p> <p>Set levies restrict funds able to be collected through DCPs (e.g. \$450 per residential dwelling for community infrastructure)</p> <p>State agencies may collect additional funds for specific works directly.</p>

Source: Gurran et al., forthcoming (adapted from Gurran et al. 2008).